



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

October 12, 2010

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

To: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (THIRD QUARTER 2010)

In response to the increased level of CRA activity in the County and the Chief Executive Office's (CEO) augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the third quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, the CEO works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

If you have any questions or need further information, please contact me, or your staff may contact Bob Moran at (213) 974-1130, or via email at [rmoran@ceo.lacounty.gov](mailto:rmoran@ceo.lacounty.gov).

WTF:BC  
DSP:RTM:os

Attachment

c: Auditor-Controller  
County Counsel

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*"To Enrich Lives Through Effective And Caring Service"*

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**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – Third Quarter 2010**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

<b>CRA Projects</b>	<b>District</b>	<b>Type of Notification</b>	<b>Date</b>
City of Los Angeles South LA Merger Plan Amendment	1 <sup>st</sup> and 2 <sup>nd</sup>	Notice of Preparation	July 16, 2010
City of Carson	2 <sup>nd</sup>	Notice of Preliminary Report	August 11, 2010
City of Los Angeles Pacoima/Panorama City Plan Amendment	3 <sup>rd</sup>	Notice of Preparation	September 27, 2010
City of Palmdale Plan Amendment	5 <sup>th</sup>	Notice of Preparation	September 27, 2010
City of Los Angeles Wilmington Plan Amendment	4 <sup>th</sup>	Notice of Preparation	September 29, 2010

**Board Letters/Actions During Quarter**

<b>CRA Projects</b>	<b>District</b>	<b>Action</b>	<b>Date of Board Action</b>
City of San Fernando	3 <sup>rd</sup>	Plan Amendment	July 27, 2010

**Major Ongoing or Emergent CRA Issues**

**Bellflower (Fourth District)**

Issue: The City is proposing to add new areas to an existing project area.

Status: CEO staff toured the proposed areas and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

**Carson (Second District)**

Issue: The City proposed merging existing project areas.

Status: CEO staff and County Counsel reviewed the Preliminary Report, toured the project areas, and concluded that the proposal was consistent with Community Redevelopment Law.

### **Commerce (First District)**

**Issue:** The City is proposing an increase to the lifetime dollar cap of Project Area No. 1.

**Status:** The CEO informally expressed concerns to the City that there is little evidence of significant remaining blight, or nexus between the requested cap increase and the projects proposed to eliminate the remaining blight. County staff has solicited an environmental consultant to assist in reviewing any potential proposals from the City.

### **Compton (Second District)**

**Issue:** The City is proposing to add new areas to an existing project area.

**Status:** CEO staff took a tour of the proposed areas and will work with the City to ensure compliance with Community Redevelopment Law.

### **Los Angeles (Second District)**

**Issue:** The City is seeking County assistance to redevelop the Crenshaw Project Area.

**Status:** CEO staff informed the City that any contribution of County tax share will be in the form of a loan, which will require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's specific plans. CEO staff will work with CRA/LA staff on this proposal.

### **Los Angeles (First and Second Districts)**

**Issue:** The City is seeking to add new areas to the Council District No. 9 Redevelopment Project Area.

**Status:** CEO staff toured the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

### **Los Angeles (First and Second Districts)**

**Issue:** The City is seeking to merge various project areas in the South Los Angeles area.

**Status:** The City issued a Notice of Preparation. CEO staff will tour the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

### **Los Angeles (Third District)**

**Issue:** The City is seeking to add new areas to the Earthquake Disaster Assistance Project for Pacoima/Panorama City Redevelopment Project Area.

**Status:** CEO staff toured the proposed areas, and will schedule a meeting with City staff to discuss consistency with Community Redevelopment Law.

### **Los Angeles (Fourth District)**

**Issue:** The City is seeking to add new areas to the Wilmington Redevelopment Project Area.

**Status:** CEO staff will tour the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

### **Palmdale (Fifth District)**

**Issue:** The City is seeking to add new areas to the Merged Redevelopment Project Area.

**Status:** CEO staff will tour the proposed areas, and will work with County Counsel to ensure the proposal is consistent with Community Redevelopment Law.

### **Pasadena (Fifth District)**

**Issue:** The City is seeking to merge all five project areas north of the 210 Freeway, and increase the cap on the Villa-Parke Redevelopment Project Area.

**Status:** CEO staff toured the proposed areas and is working with County Counsel and City staff to ensure the proposal is consistent with Community Redevelopment Law, especially regarding the nexus between blight and the proposed increase in the project cap.

### **San Fernando (Third District)**

**Issue:** The City proposed merging existing project areas and amending various project limits.

**Status:** CEO staff and County Counsel analyzed the proposal, worked with City staff, and found it to be consistent with Community Redevelopment Law. A resolution granting Board approval of the Amendment was approved on July 27, 2010.

### **South El Monte (First District)**

**Issue:** The City recently proposed changes to its Redevelopment Project in order to allow for the development of a retail project. The proposed changes include adjustments to the County pass-through share of new tax increment in order to fund infrastructure improvements.

**Status:** The CEO informed the City that any recommendation to the Board regarding a contribution of County tax share would be in the form of a loan, which would require repayment in the out years. County staff is anticipating the receipt of a detailed project plan from the developer, and will share it with the County's real estate consultant.

### **Temple City (Fifth District)**

**Issue:** The City is proposing to add new areas to an existing project area.

**Status:** CEO staff took a tour of the proposed areas and will work with the City to ensure compliance with Community Redevelopment Law.

### **West Covina (Fifth District)**

**Issue:** A repayment of County deferral clause in the 1990 Eastland Redevelopment Project Agreement has been triggered.

**Status:** CEO staff will work with Auditor-Controller and City staff to ensure full repayment of the County deferral.

## **Litigation**

### **Glendora (Fifth District)**

**Issue:** The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

**Status:** The County filed a lawsuit objecting to the Project, and the Trial Court ruled in favor of the County. A State budget trailer bill in 2009 included a provision that would nullify the most financially significant aspect of the decision by guaranteeing Glendora's Project No. 3 a minimum of \$2.6 million annually. The Court of Appeal recently affirmed the Trial Court decision invalidating the proposed amendments, however, the Court of Appeal did not rule on the legality of the special legislation, which will likely require additional litigation. Glendora petitioned for Supreme Court review, the petition was denied by the Court September 29, 2010, and the remittitur issued from the Court of Appeal on October 4 returning the case to Trial Court, awarding costs on appeal to the County.

### **County of Los Angeles v. State of California**

**Issue:** On July 28, 2009 Assembly Bill 26 4x (AB 26) was signed into law. It requires that redevelopment agencies across the State remit \$1.7 billion to the State in Fiscal Year 2009-10 and \$350 million in Fiscal Year 2010-11, which the State will use to help balance its budget. In return, each redevelopment agency can extend by one year the period of time for receiving tax increment that would otherwise revert to the local taxing entities.

Status: Your Board authorized a challenge to AB 26, as it would have a significant fiscal impact on the County. The California Redevelopment Association is also separately challenging the State. County Counsel believes the bill is unlawful, as the California Constitution limits the diversion of tax increment to the purposes of redevelopment. In addition, AB 26 violates Prop 1A, as it represents a reduction of the share of countywide property tax revenues allocated to local agencies. The Trial Court ruled in favor of the State, and County Counsel is working on an appeal. A motion to consolidate the two appeals was granted by the Court. The Counties' opening brief is due October 25.

### **Overall CRA Statistics**

Active CRA Projects	315
Pending CRA Projects	14